



THE ROLE OF THE PRIVATE SECTOR IN CBNRM IN MALAWI

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The Role of the Private Sector in Community-Based Management of Natural Resources in Malawi

Prepared by:

Andrew Watson (COMPASS)

Development Alternatives, Inc.
7250 Woodmont Ave., Suite 200
Bethesda, MD 20814
USA

Tel: 301-718-8699
Fax: 301-718-7968
e-mail: dai@dai.com

In association with:

Development Management Associates
Lilongwe

COMPASS
Phekani House
Glyn Jones Road
Private Bag 263
Blantyre
Malawi

Telephone & Fax: 622-800
Internet: <http://www.COMPASS-Malawi.com>

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ACRONYMS

BDS	Business Development Services
CBNRM	Community-based Natural Resource Management
COMPASS	Community Partnerships for Sustainable Resource Management
EDETA	Enterprise Development and Training Agency
ESHUR	Environmentally Sustainable Harvest and Use Reviews
FAO	United Nations Food and Agriculture Organization
FDI	Foreign Direct Investment
FINCA	Foundation for International Community Assistance
IPA	Investment Promotion Agency
MAFE	Malawi Agroforestry Extension Project
MSE	Medium or Small Enterprise
NRBE	Natural Resource-Based Enterprise
NRM	Natural Resource Management
NGO	Non-Governmental Organization
SADC	Southern African Development Community
SNV/IUCN	Netherlands Development Organization/The World Conservation Union
TNC	Trans-National Corporation
USAID	United States Agency for International Development

The Role of the Private Sector in Community-Based Management of Natural Resources in Malawi

1 - Introduction

When we examine the possible role of the private sector in supporting Community-based Natural Resource Management in Malawi, for the most part we are acknowledging a need for greater commercialization of natural resources in order for CBNRM efforts to be successful. We must first evaluate this and either confirm or reject this as a viable “approach”. Some participants in the recent debate at the World Summit on Sustainable Development questioned the merits of commercialization and expressed concerns about the role of Big Business in sound environmental development. A strong argument has been put forward for purposefully avoiding an emphasis on income generation in NRM activities because environmental protection might take a back seat to income generation. Many critics have argued that multi-national corporations cannot be expected to have the best interests of developing countries and rural populations at heart when they “invest” in development because ultimately these businesses must answer to their Directors and their Directors to their shareholders. In effect, the argument goes that since profit is the primary motivation for investment by business, the impact these private sector activities have on economically disadvantaged people and the natural environment is at best unpredictable and at worse detrimental¹.

In sharp contrast, many donors are highlighting the potential advantages of partnerships with the private sector. USAID’s position as expressed at the World Summit on Sustainable Development was that:

The expertise and resources of the private sector will be employed in technology transfer, trade and investment, and policy and regulatory reform to ensure that the Initiative [to End Hunger in Africa] is sustainable and that donor dependence is ultimately reduced. With the private sectors' growing capacity for research and implementation, new partnerships between African public R&D [research and development] institutions and the private sector can be forged to capture synergies and comparative advantages².

So how does such apparently divergent thinking fit the typical CBNRM model? In many instances one of the fundamental tenets of CBNRM as an approach to conservation is that rural communities can achieve improvements in their livelihoods through having tenure or usufruct rights over natural resources. There is an underlying assumption that rural communities are more likely to adopt sound stewardship strategies if they themselves own and benefit from the natural resources they are managing. In Malawi, one of the ten principles upon which the country’s CBNRM strategy hinges is:

To ensure sustainability, natural resources should be treated as economic goods hence short and long-term benefits directly related to the use of the resources should be tangible and obvious to the communities.

¹ See for example “Green capitalism and the new African imperialists: tales on the road to the Joburg summit” by Patrick Bond and Michael Dorsey that appeared in the *Pambazuka Newsletter* in August 2002.

² From “Fact Sheet: USAID’s Natsios on Plan to End Hunger in Africa” (August 2002).

If we accept this principle and the assumption that rural communities must realize tangible economic benefits in order to be active practitioners of CBNRM, we must also assume that commercialization of natural resources is an essential component of many CBNRM initiatives³. Conversely but equally importantly, we must also acknowledge that sustainable economic development depends on sustainable utilization of resources. In effect, sound approaches to conservation and development must be mutually reinforcing to be effective and sustainable.

In this paper we will argue that the logical providers of the support for such commercialization is the private sector. Nevertheless, we also contend that there must be checks and balances and clear guidelines on how the partnerships between the private sector and NGOs and rural communities should operate. In Malawi, the government may well have to play a pivotal role in this since civil society's willingness and capacity to engage in such debate is severely constrained by historical precedents as well as cultural and political factors⁴. Organizations such as the Malawi Investment Promotion Agency and the Malawi Export Promotion Council also have potentially vital roles to play.

2 – What is the private sector?

For the purposes of this discussion we will define the private sector somewhat loosely as individuals⁵ and organizations that operate as commercial ventures. It comprises organizations that are for-profit business ventures providing goods or technical services for a fee. In Malawi, we tend to assume that such organizations are non-governmental but, in reality, parastatals and government-owned companies can also be regarded as being part of the private sector. We do not distinguish between the formal and the informal sector but we recognize the need to differentiate between large companies and corporations (national or transnational) and smaller, more locally based businesses. We do not equate commercialization of natural resources and their management with a need to involve Big Business in the process. Nor do we maintain the local businesses are more likely to have the interests of local producers at heart. Indeed, in many respects, the likelihood of local

³ While CBNRM as an approach to conservation and sustainable development is still in its infancy in Africa, we here assume that the models of community ownership of natural resources are sound [see for example "Tenure in Transition: A Stakeholder Guide to Natural Resource Tenure in Southern Africa" by Elizabeth Rihoy, Brain Jones, Simon Anstey and Mike Tsas Rolfes (1999) and "Chobe Enclave, Botswana: Lessons Learnt from a CBNRM Project 1993-2002" by Brian Jones (2002)]. Furthermore, we assume that the communities' ability to do business with the private sector has been adequately demonstrated in several instances [see for example "Joint Venture Options for Communities and Safari Operators in Botswana" by Tara Gujadhur (2001)]. It must be acknowledged, however, that some would argue that tenure over natural resources must be privately held if business interests are to enter into partnership with the owners. The Competitive Enterprise Institute goes so far as to stress that private property is essential to economic development. This belief is at odds with the fundamental tenets of CBNRM, which stress the importance of establishing communal property rights.

⁴ Some would argue that a Malawian's reluctance to "question authority" is as much a cultural trait as it is the result of a long-history of repression of civil activism by pre-colonial, colonial and post-colonial authorities [see for example "Malawi at the Threshold: Conflict, Environmental Scarcity and Ingenuity" by Diane Cammack (1999)].

⁵ It should be noted, however, that in registering as a company, an individual who is the sole owner-operator-employee would alter their legal status and no longer be recognized as an individual under the law.

business abiding by evolving industry guidelines on environmental and social responsibility seems less plausible than larger corporations doing so.

3 – As promoters of CBNRM, we believe we know what communities have to gain... but what does the private sector have to gain?

In our vision of a country where rural communities are adopting CBNRM principles and practicing sound management of natural resources, it is fairly clear how rural people will benefit. We can foresee improvements in household incomes as a result of the sale of natural products such as harvested plant materials, fruits and fish or other natural resources. We can see improvements in the quality of life when families have access to clean drinking water and when women can obtain firewood without walking for several hours. We can see improvements in people's access to food and medicines that are harvested sustainably from forests, lakes and rivers.

When it comes to the private sector, however, how can CBNRM initiatives benefit businesses? We believe that there are four areas where the private sector might realize significant benefits from working with CBNRM practitioners:

1. Providing financial and technical services to groups and organizations promoting and practicing CBNRM;
2. Making profits through direct investment in natural products and their processing and marketing;
3. Reducing costs through expanding or diversifying production in collaboration with CBNRM groups (possibly involving government incentives); and
4. Increased market-share (and value-added) through eco-certification, "green-labeling" and fair-trade compliance. Expanding existing markets or opening new markets and improving public image and product awareness through promotion of corporate responsibility⁶.

4 - What kinds of private sector involvement in CBNRM is possible and why should CBNRM practitioners look to the private sector instead of their traditional source of support: donor funded project, government extension services and NGOs?

Financial assistance

Private banks and financing institutions could provide loans to groups that establish community-bases natural resource-based enterprises. At present in Malawi, high interest rates are not conducive to taking out any form of loan, let alone long-term loans that are needed for business start-ups. Even very short-term loans such as those provided by FINCA and Malawi Rural Finance Corporation attract high interest rates and many borrows default. Moreover, banks will typically require some form of collateral against the risk of default. In most cases, rural communities cannot provide such collateral: most households have few material assets and customary land cannot be used as collateral. The new Land Policy

⁶ We acknowledge that a wide range of different private sector interests fall within these loose designations. At the simplest level we could distinguish between 1) *alternative trade markets*, where products are marketed overseas or in local niche markets such as tourists; 2) *fair trade*, where the product is certified and labeled "fair-trade" and sold in Western markets at a premium price; and 3) *ethical sourcing by the commercial mainstream*, where the retailer or brand-owner uses ethical guidelines or a code of practice covering social and/or environmental criteria.

purports to address this latter issue but in reality a moratorium on land transactions and restriction on ownership will continue to confound attempts to increase the economic value of the customary estate.

Some business might consider making charitable contributions to community groups or organizations engaged in CBNRM. The motive for such contribution can be tax breaks for the corporations or improved public relations. We can differentiate between businesses that measure their contributions in terms of tax deductions and impact of public relations and those that are making donations of a philanthropic nature but in a very strategic manner. Several large corporations are establishing links between what they fund and what their core business is about. They are also become more aware of the impact of their philanthropic activities. Procter & Gamble's partnership with USAID on the Global Alliance for Improved Nutrition provides a good example of this kind of strategic approach. We must also differentiate between philanthropic donations for welfare activities, such as the Gates Foundation's contribution of over \$750 million to the Global Alliance for Vaccinations and Immunizations, and donations directly targeting economic development. For example, the African Agricultural Technology Foundation, a partnership between USAID, the Rockefeller Foundation, Monsanto, Dupont/Pioneer, Dow Agrosiences, Syngenta, and Aventis, will begin operation in 2003. It will help develop and disseminate new varieties of Africa-specific crops by assuming licenses from industry, managing sublicenses, and assuming legal liability for licensed technology and providing high quality project management oversight⁷.

In reality, the value of such donations can be very limited in terms of their impact on development. The COMPASS small grant program is a good example. Some \$550,000 in grant funds provided by USAID has been disbursed to community groups and NGO to promote and implement CBNRM activities. To date 49 grants have been awarded and these have financed activities in over 100 communities with total participation of well over 1,000 people. While there have been many notable successes with regard to empowering local communities, it has become clear that many groups regard COMPASS grant funds as handouts. A combination of the all-pervasive relief-culture and a sense of the rural poor being entitled to welfare from donors and government often crushes attempts to develop a sense of local ownership of the projects. As a result, people's self-esteem remains low and efforts to instill some sense of independence from "outside" support (financial or otherwise) are futile.

In effect, at COMPASS we feel that the provision of "free money" in the form of grants or charitable donations must be highly selective and must carefully weighed against the goals of the groups being support and the likelihood that activities can be sustained beyond the term of the grant. In other words, grants should be used only to provide start-up funding for CBNRM initiatives that offer a good chance of becoming self-sustaining within a year or two. If this is not the case, donor-dependence is inevitable.

Technical Services

The private sector can provide a wealth of technical services that cannot be obtained from government extension officers or NGOs. During 2000 and 2001 COMPASS and MAFE⁸ explored opportunities for developing natural resource based enterprises in Malawi.

⁷ From "Fact Sheet: USAID's Natsios on Plan to End Hunger in Africa" (August 2002).

⁸ USAID's Malawi Agroforestry Extension Project.

COMPASS' efforts focussed on identifying products that are already harvested or produced by rural communities and have potential for expanding their internal or regional markets. The four products with the highest potential were honey and other bee products (such as bees' wax), processed fruits (dried fruit, juices, jams and so on), wild mushrooms and curios (generally made of high-value hardwoods)⁹. In contrast, MAFE examined the potential for production of oils from various tree species found in Malawi¹⁰. The study focused on appropriate technologies for production of oils for established potential local and international markets¹¹. Undoubtedly these products hold considerable potential and it is noteworthy that these studies both emphasized the importance of basing the assessments on market demand rather than production potential. This is crucial!

The private sector has the skills and knowledge on how to harvest and process many of these products because businesses are already involved in supporting local production. While techniques for harvesting honey are well known in many rural communities, processing of wax is far less widespread. Yet demand for bees' wax is high elsewhere in the region. Similarly, simple techniques are used for drying wild mushrooms so that they can be kept for consumption for some time after the "glut" in the wet season. Nevertheless, simple technological improvement would increase production, improve quality and could extend processing to other products such as wild fruits. Some NGOs have skills in these areas but the private sector within Malawi and the region are most familiar with these techniques and can provide training and support. Moreover, the private sector also has the resources to invest in research and development of new technologies or new products that would be too specialized or too expensive for local producers to undertake.

Business services

If community-based natural resource based enterprises are to become sustainable in economic as well as ecological terms, the entrepreneurs must develop business and marketing skills. Once again, neither government extension services nor most NGOs are equipped with the skills to provide these kinds of services. One notable exception is the Malawian NGO EDETA. Perhaps the most important of these kinds of services is assistance in preparing and understanding the business development plan that potential financiers, investors and partners will require. COMPASS recently undertook a study of the needs of budding NRBES with respect to Business Development Services. The study also examined the types and quality of services provided by organizations that purport to supply such services¹². The study concluded that:

Successful Business Development Service providers should be those that deliver services in a business-like manner. They should be demand-led, entrepreneurial in their approach and act as commercial market players. The choice of BDS providers should be guided by the principle of subsidiarity: delegating responsibility to the lowest possible level and to those who

⁹ See COMPASS Document 29 – *Natural Resource Based Enterprises in Malawi: Study on the contribution of NRBES to economic development and community-based natural resource management in Machinga District*. Also COMPASS Document 31 - *Natural Resource Based Enterprises in Malawi: Action Plans*.

¹⁰ *Jatropha* (*Jatropha curcas*), Manketti (*Schinziophyton rautanenii*), African Star Chestnut (*Sterculia africana*), Natal Mahogany (*Trichilia emetica*) and Marula (*Sclerocarya birrea*).

¹¹ See "MAFE Marketing and Enterprise Development Report" by John Pratt *et al.* (2002).

¹² COMPASS Document 49 – *Business Development and Marketing Strategy for Natural Resource Based Enterprises*.

are closest to the NRBES, both geographically and socially. The BDS provider should be independent and private sector based.

In other words, BDS to budding entrepreneurs is best provided by the private sector and this should be on a fee-for-service basis. Naturally, there is a role for a “watchdog” or “consumer protection” group to evaluate the quality of the services that are being sold.

Marketing and quality control

Perhaps the most vital role of the private sector in supporting budding NRBES is through providing marketing support and quality assurance for products harvested and processed by rural communities. The fact that products can be marketed as being organic, or “environmentally friendly” or adhere to fair-trade guidelines does not necessarily mean that they have a market advantage. They must still be of high quality, competitively priced and well presented. When these conditions coincide there can be significant value added and niche markets can open. Experience elsewhere in the region has demonstrated that rural producers should not be responsible for packaging and marketing. Once again, such services must be accessed in order to realize these opportunities. These must typically be acquired on a fee-paying basis though such fees may be offset against some form of profit-sharing arrangement with the producers. It is in this area that some of the most difficult aspects of community – private sector partnerships surface. The COMPASS BDS study notes that:

Some of the challenges facing collective or community action include: fear of the unknown, and suspicion that others may benefit more than the individual; individual ownership of activities and lack of awareness of the benefits and logic of collective action; strong systems of local leadership that discourage non-traditional leaders; difficulties caused by unequal input to activities when action becomes collective; and lack of time to devote to activities other than basic subsistence.

In effect, there appears to be a clear role for the development of guidelines or best practices that promote corporate responsibility in negotiating and implementing partnerships between the business community and rural communities. Such guidelines should be informed by specific practical examples (either actual or emerging) of private sector partnership and investment in communities and NRBES, whether the identifiable “enterprises” are owned by the private sector or by the local people, or by both.

5 – What institutional arrangements are necessary for private sector support?

In summary, there are three main ways in which the private sector can engage with rural communities in order to support efforts to implement CBNRM activities:

1. *pro bono* and charitable support as financial donations or free services;
2. fee-for-service arrangements; and
3. partnerships that apportion risks, costs and benefits in some equitable or negotiated manner that is mutually agreeable.

Considerable advances have been made in Botswana in assessing the relative merits of these kinds of support to rural communities practicing CBNRM¹³. In some respects, there is evidence that there is a logical and perhaps natural evolution from community groups that are

¹³ See, for example, Gajadhur, T. (2001) *Joint Venture Options for Communities and Safari Operators in Botswana*. CBNRM Support Programme (SNV/IUCN), Botswana.

dependent on outside support from donors and service providers to equitable sharing of risks and benefits through joint ventures and partnership with the private sector. Yet initial indications that such “growth” may require 20-years or more. It has to be acknowledged that in apportioning risks there is a danger that communities might put their key assets (such as their land) at risk since they have few other economic assets. There is undoubtedly a danger that some unscrupulous businessmen could negotiate arrangements where these assets are used as collateral and then the joint ventures are deliberately allowed to fail in order for the businesses or banks to acquire those assets “legally”. It has recently been reported (*The Star*, September 12th 2002) that the KhomeniSan Community Property Association in the Kalahari nearly lost land acquired in a 1999 restitution deal because of their inability to manage and repay a private sector loan for which they had used the land as collateral¹⁴. This notwithstanding, we must stress that commercialization of natural resources does not necessarily lead to exploitation and expatriation of profits when there are regulatory controls to ensure transparency and accountability in arrangements between government, NGOs and the private sector.

To date in Malawi there are very few if any examples of genuinely equitable community – private sector partnerships. Partly, this is because until very recently rural communities have not had legal access to the resources that the commercial sector would like to access¹⁵. Without tenure over the resources, which typically involves a negotiated co-management or collaborative management agreement with government departments, the rural communities are not valid partners in most NRBES. We still await the first co-management agreements that will provide rural communities with access to woodland resources or wildlife resources on public land. In addition, however, very few rural communities are in a position to enter into agreements and partnerships with the private sector because they are not legally constituted entities.

6 – What are the likely terms and conditions for collaborative arrangements?

Loans and micro-finance: the lack of material assets and, therefore, absence of collateral will severely constrain the ability of most communities to access capital for CBNRM initiatives. Even in cases where loans are available to such groups, the lending institutions are unlikely to enter into agreements with groups that are not formerly registered in some way, so that the lenders are somewhat protected in the event of default. The issue of registration is discussed further below.

Fee for service arrangements: the provision of technical services and BDS to CBNRM practitioners will require capital in order to access professional services offered by the private sector. Currently, government extension officers or donor-funded NGOs and projects provide the typical services available to community groups. COMPASS experience has

¹⁴ It was subsequently reported (*The Cape Times*, September 24th 2002) that government intervention averted loss of the assets.

¹⁵ Policies and legislation pertaining to the forest, fisheries and wildlife sectors now acknowledge the need to enter into co-management (forestry and fisheries) or collaborative management (wildlife) agreements with rural communities. Until recently, most natural resources found in protected forests and national parks, or indeed lakes and rivers, could only be legally harvested following the issue of permits by government officials. Typically, these permits were limited to harvesting of forest products for household use and the procedures have been fraught with problems associated with bureaucratic inefficiency and corruption.

shown that in the majority of cases the relevance and quality of the services are poor. Accessing useful services will require capital that generally is not available to start-up CBNRM initiatives or enterprises unless “free capital” is available from donors. Even if funds are available, many service providers will look to the funding body rather than the community group for some form of guarantee that they will be paid for their efforts. Again, this diminishes the ownership the CBNRM practitioners have over their initiative and reinforces dependence on outsiders.

Joint ventures: agreements or partnerships between the private sector and community groups can only be effective if they are grounded in legally binding agreements that provide all parties with recourse to the law in the case of disagreements. Such agreements allow the community groups to seek financing from lending institutions, negotiate agreements with service providers, vendors and buyers, purchase insurance coverage and so on. Conversely, the private sector organizations with which the group does business reduce their risk because they are dealing with legal entities rather than individuals or informal groups.

In Malawi, the Trust and Corporations Act has been used as a vehicle to register community groups as legal entities. Precedents have been set in Mangochi with the Nankumba Trust and in the Lower Shire where nearly a dozen groups have incorporated. These have demonstrated that developing a constitution prior to registration is in itself a highly productive process in that it lays the groundwork for building consensus on goals and objectives as well as providing invaluable experience in negotiating agreements and resolving conflicts. The process is neither easy nor quick. The World Bank’s Lower Shire Protected Area Project and COMPASS’ collaboration on several of these initiatives has demonstrated the need for patience and the provision of legal and technical services that the community accepts and comprehends¹⁶.

The principles and approaches for CBNRM in Malawi recognize the need for such legal recognition of community groups:

Communities must develop clearly defined constitutions for their institutions or committees and establish by-laws for natural resource management.

While legal registration is not a prerequisite for communities wishing to negotiate forest or fisheries co-management agreements with the government, it is likely to be a requirement of collaborative management agreement with the Department of National Parks and Wildlife.

Investors and environmental protection: donors and funding organizations have become increasingly concerned about the need for rigorous environmental screening of development projects even when they are clearly intended to create environmental benefits. Unfortunately, the environmental protection legislation and the capacity to enforce it is often much weaker in developing countries. In effect, if development initiatives are funded through private investment, there are often opportunities for laxity on the part of investors and proponents of projects.

In the past, donor regulations have typically focused on minimizing or mitigating the environmental impact of field activities financed with donor funds. Recently, however, several donors and lending institutions have also established procedures for assessing the

¹⁶ See, for example, COMPASS Document 46 – *Community Tourism and Enterprise Training Manual*.

impact of projects funded through donor-supported loan programs¹⁷. In some instances, financial institutions have developed their own environmental impact assessment processes with which they evaluate loan applications.

Of particular relevance to CBNRM are USAID's new regulations and guidelines on environmental impact screening of natural resource based enterprises. Environmentally Sound Harvest and Use Reviews (ESHUR) should be conducted for each commodity to be developed and marketed. These will focus on limits to harvest for each commodity, environmental concerns, and monitoring. At present in Malawi, there are no stringent regulations or procedures that require such careful review and oversight of these types of development activities.

In many instances, there is often a conflict of interest between the desire for investment and the need to ensure that investments are environmentally sound. Investors seek profits and there is an inclination to maximize these by cutting costs. Often, skimping on environmental protection is perceived to be a cost-saving measure. The governments of developing countries seeking to maximize investment in development projects from internal sources, donors and Foreign Direct Investment (FDI) are often inclined to ignore or circumvent their own environmental protection procedures in order to encourage or hasten investment¹⁸. We recognize that more often than not such flaunting of environmental regulations leads to long-term environmental impact that is costly if not impossible to rectify. What many investors and governments do not realize is that, even in the short-term, environmentally sound investment is often more cost-effective and profitable than near-sighted, cost-cutting measures that damage the environment. The crucial question is who is ultimately responsible for ensuring environmentally sound investment practices? Is it multilateral and bilateral donors? Yes, and all have well established regulations and procedures. Is it national governments? Yes, though often the established regulations and procedures are circumvented or poorly enforced. Is it private sector investors? Yes, though in many instances local regulations are weak and guidance on appropriate measures for environmental protection is weak or none existent.

Corporate responsibility: who develops the guidelines and “enforces” the “rules”? Especially when FDI is involved, corporations cannot use the lack of local regulations as an excuse for ducking their responsibilities to be socially just and environmentally sound. Despite the very vocal complaints of many environmental groups – some of who verge on being militant in their opposition to development activities – many multinational corporations (Trans National Corporations - TNCs) are implementing guidelines on corporate responsibility. Others are not! In either case, governments and NGOs have an important role to play as watchdogs monitoring the implementation of guidelines when they exist or as advocates for such guidelines when they do not exist. This notwithstanding, civil society and the NGOs also have a responsibility not to be whistle-blowers merely because they fundamentally oppose the motives of Big Business and all TNCs because they are capitalistic.

An alternative to developing guidelines for corporate responsibility within individual companies, is to adopt the guidelines that have been developed for specific sectors.

¹⁷ See, for example, Environmental Assessment Sourcebook Update, 27: “Financial intermediary lending and environmental assessment”. The World Bank (2002).

¹⁸ The *IPAnet Briefing* of September 2002 (volume 5, Issue 9) points out that FDI to Sub-Saharan in 2001 were largely in the mining and petroleum sectors.

Typically, these are “negotiated” guidelines developed collaboratively by the private sector, NGOs and civil society, with government agencies occasionally involved as well. Some examples of these types of agreements include the evolving guidelines on Fair Trade and the FAO’s Code of Conduct for Responsible Fisheries. Closer to home, guidelines for responsible tourism have recently been developed in South Africa. These included social objectives:

- ◆ Involve the community in planning and decision-making
- ◆ Assess social impacts as a prerequisite to developing tourism
- ◆ Maintain and encourage social and cultural diversity
- ◆ Be sensitive to the host culture

In addition, guidelines for environmental responsibility are also proposed:

- ◆ Assess environmental impacts as a prerequisite to developing tourism
- ◆ Use local resources sustainably, avoid waste and over consumption
- ◆ Maintain and encourage natural diversity

Efforts are now underway to extend these types of guidelines to the broader region¹⁹. The adoption of such guidelines would clearly be beneficial to community groups and to tourism investment but we must accept that the institutional capacity to “enforce” the implementation of such guidelines through legislation and regulation will never occur. Not only is the cost of such enforcement prohibitive but it is doubtful that it could ever succeed given the number of small investors and geographical scope of their activities. These types of guidelines and industry standards are difficult to enforce or monitor in the case of small and medium scale enterprises (SMEs) in developing countries. Indeed, enforcement of such guidelines and regulations can severely hinder the viability of some SMEs. Self-regulatory guidelines are more in the purview of larger companies and corporations. In these cases, the implementation of guidelines on corporate social and environmental responsibility must self-policed by the corporations the purport to espouse them. The role of government and civil society is to encourage the application of such guidelines and, perhaps, to monitor their implementation and effectiveness.

7 - Mutual trust is the key

In Malawi there are about 10,000 small enterprises that are engaged in forest-related activities (timber, charcoal, non-timber forest products such as thatch grass, honey, mushrooms etc.)²⁰. On average each enterprise employs less than two people. In the fisheries sector there are also about 10,000 small enterprises: most employ less than four people. These small businesses survive on the harvest and marketing of renewable natural resources. If the business to not practice sound management of these resources the enterprises will fail and Malawi’s natural heritage will be diminished to the detriment of future generations. Through adopting the principles and practice of CBNRM, environmentally sound development can benefit these businesses and, indeed, hold some potential for improving the livelihoods of many more rural households. However, for CBNRM to be successful at conserving the

¹⁹ See the Southern Alliance for Indigenous Resources’ “Regional Community-based Tourism Association Consultation: Discussion Paper” by Tara Gujadhur (2002).

²⁰ See the “Malawi National GEMINI MSE Baseline Survey: 2000” by Ebony Consulting International (2001).

resource base of Malawi, these same enterprises will have to expand in number and scope. To achieve this and for the ventures to be successful, we feel that the private sector must become more actively engaged in working with rural communities.

The private sector has a role to play by providing direct financial assistance through loans (though opportunities are very limited), by providing technical and business services on a fee-for-service basis (again with limited scope) and through direct financial investment in product development and marketing. It is this final area that holds the most potential since it can have minimal up-front costs to the communities. The downside is that it requires careful negotiation of agreements and partnerships between the communities and the private sector. More often than not, the communities will have to be legal constituted before entering into such agreements.

The single biggest hurdle that will have to be overcome will be the inherent mistrust that rural communities have of the business community. Even more significantly, a similar mistrust is building between Big Business and the many organizations and groups that oppose globalization. Recent statements made at the World Summit on Sustainable Development made by leaders of more than one SADC member state demonstrate that some governments are actively discouraging FDI despite the severe economic hardships that these governments and their citizens are facing.

CBNRM is founded on a belief that rural communities will be encouraged to become better managers of natural resources if they, the stewards of those resources, have the right and ability to derive tangible benefits from the sustainable use of the resources. In many cases this will involve commercialization of certain natural products. If we accept this as a principle for successful adoption of CBNRM in Malawi, we should be looking to government to facilitate investment in the natural resource sector, which includes tourism. We should be working to encourage government to provide tax breaks and perhaps types of incentives to those that wish to invest in environmentally sound initiatives. At the same time, government should take on the responsibility of ensuring that rural communities are not exploited by the private sector. To accomplish this, we believe that the government should seek a commitment from potential investors to adopt and adhere to their own or sectoral guidelines on corporate, social and environmental responsibility. In the case of smaller scale investors (many of whom might be local businesses), the challenge is considerably greater and adoption of industry-wide standards on fair trade and corporate responsibility are perhaps the only option. A crucial concern is whether government has the political will and institutional capacity to implement such a strategy.

Malawi should not be deterred from pursuing CBNRM even if opportunities for commercialization are poor. CBNRM plays a major role in societal evolution that helps strengthen economic development. By transferring tenure and providing people with real incentives, CBNRM promotes entrepreneurial spirit and skills while championing sustainability and better stewardship of the environment and natural resources.

Most importantly, we all must realize that an excessive reliance on donors' good will and on charity does not bode well for sustainable economic growth and self-reliance. For every Gates Foundation there is a Microsoft. Such corporations are realizing that they have economic interests vested in the developing world. Provisions of the Kyoto Protocol, for example, are encouraging some TNCs to invest their own capital in forest management activities in the developing world in an effort to reduce their net carbon emissions targets.

Direct investment in forestry programs also has a far greater benefit to public relations than simple trading of carbon credits. In effect many companies recognize the value, economic and otherwise, of becoming more directly involved in development activities. The picture is less clear when it comes to those businesses that are less concerned about their corporate responsibility and small businesses that have limited capacity and resources. While government and civil society may have a role to play in this regard, it is more likely that Chambers of Commerce and industry-specific business associations must take the lead. Overall, we feel that it is critical to stress that it is far better in the long-term for a country like Malawi to enter into a mutually beneficial partnership with responsible Corporations and industry representatives than it is to rely on handouts from donors.

COMPASS Publications

Document Number	Title	Author(s)	Date
Document 1	COMPASS Year 1 Work Plan	COMPASS	Jul-99
Document 2	COMPASS Small Grants Management Manual	Umphawi, A., Clausen, R., Watson, A.	Sep-99
Document 3	Year 2 Annual Work Plan	COMPASS	Dec-99
Document 4	July 1 - September 30, 1999: Quarterly Report	COMPASS	Oct-99
Document 5	Training Needs Assessment: Responsive Modules & Training Approach	Mwakanema, G.	Nov-99
Document 6	Guidelines and Tools for Community-Based Monitoring	Svendsen, D.	Nov-99
Document 7	Policy Framework for CBNRM in Malawi: A Review of Laws, Policies and Practices	Trick, P.	Dec-99
Document 8	Performance Monitoring for COMPASS and for CBNRM in Malawi	Zador, M.	Feb-00
Document 9	October 1 - December 31, 1999: Quarterly Report	COMPASS	Jan-00
Document 10	Workshop on Principles and Approaches for CBNRM in Malawi: An assessment of needs for effective implementation of CBNRM	Watson, A.	Mar-00
Document 11	January 1 - March 31, 2000: Quarterly Report	COMPASS	Apr-00
Document 12	Thandizo la Ndalama za Kasamalidwe ka Zachilengedwe (Small Grants Manual in Chichewa)	Mphaka, P.	Apr-00
Document 13	Njira Zomwe Gulu Lingatsate Powunikira Limodzi Momwe Ntchito Ikuyendera (Guidelines and Tools for Community-based Monitoring in Chichewa)	Svendsen, D. - Translated by Mphaka, P. and Umphawi, A.	May-00
Document 14	Grass-roots Advocacy for Policy Reform: The Institutional Mechanisms, Sectoral Issues and Key Agenda Items	Lowore, J. and Wilson, J.	Jun-00
Document 15	A Strategic Framework for CBNRM Media Campaigns in Malawi	Sneed, T.	Jul-00
Document 16	Training Activities for Community-based Monitoring	Svendsen, D.	Jul-00
Document 17	April 1 - June 30, 2000: Quarterly Report	COMPASS	Jul-00
Document 18	Crocodile and Hippopotamus Management in the Lower Shire	Kalowekamo, F.	Sep-00
Document 19	Cost-Sharing Principles and Guidelines for CBNRM Activities	Moyo, N.	Sep-00
Document 20	Workplan: 2001	COMPASS	Nov-00
Document 21	July 1 - September 30, 2000: Quarterly Report	COMPASS	Oct-00

Document 22	Opportunities for Sustainable Financing of CBNRM in Malawi: A Discussion	Watson, A.	Nov-00
Document 23	Framework for Strategic Planning for CBNRM in Malawi	Simons, G.	Nov-00
Document 24	Kabuku Kakwandula Ndongomeko ya Thumba Lapadera la Wupu wa COMPASS (chiTumbuka version of the COMPASS Small-grant Manual)	Umphawi, A., Clausen, R. & Watson, A. Translated by Chirwa, T.H. & Kapila, M.	Dec-00
Document 25	COMPASS Performance and Impact: 1999/2000	COMPASS	Nov-00
Document 26	October 1 - December 31, 2000: Quarterly Report	COMPASS	Jan-01
Document 27	COMPASS Grantee Performance Report	Umphawi, A.	Mar-01
Document 28	January 1 - March 31, 2001: Quarterly Report	COMPASS	Apr-01
Document 29	Natural Resource Based Enterprises in Malawi: Study on the contribution of NRBs to economic development and community-based natural resource management in Machinga District	Lowore, J.	Apr-01
Document 30	Proceedings of the First National Conference on CBNRM in Malawi	Kapila, M., Shaba, T., Chadza, W., Yassin, B. and Mikuwa, M.	Jun-01
Document 31	Natural Resource Based Enterprises in Malawi: Action Plans	Watson, A.	Jun-01
Document 32	Examples of CBNRM Best Practices in Malawi	Moyo, N. & Epulani, F.	Jun-01
Document 33	Media Training for CBNRM Public Awareness	Kapila, M.	Jun-01
Document 34	April 1 - June 30, 2001: Quarterly Report	COMPASS	Jul-01
Document 35	Strategic Plan for CBNRM in Malawi	CBNRM Working Group	Oct-01
Document 36	Workplan: 2002	COMPASS	Oct-01
Document 37	July 1 - September 30, 2001: Quarterly Report	COMPASS	Oct-01
Document 38	COMPASS Performance and Impact: 2000/2001	COMPASS	Dec-01
Document 39	Coordination of CBNRM in Malawi: Financing Options	Watson, A.	Jan-02
Document 40	Performance Monitoring for CBNRM in Malawi	CBNRM Working Group	Oct-02
Document 41	October 1 – December 31, 2001: Quarterly Report	COMPASS	Jan-02
Document 42	COMPASS Field Level Training Impact Evaluation	Moyo, N.	Feb-02
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Document 44	COMPASS Assessment: 2001	Sambo, E., Carr, S., Omambia, D. & Moore, T.	Apr-02
Document 45	January 1 - March 31, 2002: Quarterly Report	COMPASS	Apr-02
Document 46	Community Tourism and Enterprise Training Manual	Kacal, S.	Jun-02
Document 47	Charcoal, Chiefs and Chambo: Status of CBNRM Policies in Malawi	Trick, P. & Manning, L.	Jun-02

Document 48	April 1 - June 30, 2002: Quarterly Report	COMPASS	Jul-02
Document 49	Business Development Services for Natural Resource Based Enterprises	Magai, G. & Nthambi, T.	Sep-02
Document 50	July 1 - September 30, 2002: Quarterly Report	COMPASS	Oct-02
Document 51	Workplan: 2003	COMPASS	Dec-02
Document 53	GIS for Natural Resource Managers: An intermediate level training course for District Environmental Officers in Malawi	Craven, D.	Nov-02
Draft 52	COMPASS Performance and Impact: 2001/2002	COMPASS	Oct-02
Draft 54	Proceedings of the Second National Conference on CBNRM	Malembo, L., Chadza, W., Kamuloni, S. & Kanjedza, R.	Dec-02
Draft 55	Impact of HIV/AIDS on Natural Resource Management in Malawi	Page, S.	Dec-02
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Internal Report 1	Building GIS Capabilities for the COMPASS Information System	Craven, D.	Nov-99
Internal Report 2	Reference Catalogue (3 rd Edition)	COMPASS	Feb-02
Internal Report 3	Workshop on Strategic Planning for the Wildlife Society of Malawi	Quinlan, K.	Apr-00
Internal Report 4	Directory of CBNRM Organizations (3 rd Edition)	COMPASS	Feb-02
Internal Report 5	Proceedings of Water Hyacinth Workshop for Mthunzi wa Malawi	Kapila, M. (editor)	Jun-00
Internal Report 6	COMPASS Grantee Performance Report	Umphawi, A.	Jun-00
Internal Report 7	Examples of CBNRM Best-Practices in Malawi	Moyo, N. and Epulani, F.	Jul-00
Internal Report 8	Software Application Training for COMPASS	Di Lorenzo, N.A.	Sep-00
Internal Report 9	Directory of COMPASS ListServ Members (2 nd Edition)	Watson, A.	Feb-02
Internal Report 10	Introductory Training in Applications of Geographic Information Systems and Remote Sensing	Kapila, M.	Feb-01
Internal Report 11	COMPASS TAMIS Grants Manual	Exo, S.	Mar-01
Internal Report 12	Review of Recommendations of the Lake Chilwa and Mpoto Lagoon Fisheries By-Laws Review Meeting	Nyirenda, K.	May-01
Internal Report 13	End-of-Term Evaluation of the Coordination Unit for the Rehabilitation of the Environment (CURE)	Sambo, E.Y.	Oct-01
Internal Report 14	Mwabvi Wildlife Reserve Co-Management Agreement Negotiations	Betha, M.R.B.	Dec-02